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Quitman Fire Protection District No. 1
A Component Unit of the Jackson Parish Police Jury
Quitman, Louisiana

Annual Financial Report

As of and For the Year Ended
December 31, 2011

With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 06 2012**

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Quitman Fire Protection District No. 1
 Annual Financial Statements
 As of and For the Year Ended December 31, 2011
 With Supplemental Information Schedules

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ACCOUNTANT'S REVIEW REPORT

Mr. John Kavanaugh, President
and Members of the Board of Commissioners
Quitman Fire Protection District No. 1
Quitman, Louisiana

We have reviewed the accompanying financial statements of the governmental activities of the Quitman Fire Protection District No. 1 as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the Quitman Fire Protection District No. 1.

A review consists principally of inquiries of the Quitman Fire Protection District No. 1's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The budgetary comparison information on page 20, is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated May 23, 2012 on the results of our agreed-upon procedures.

Management has not presented the discussion and analysis information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs
Jonesboro, Louisiana
May 23, 2012

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Quitman Fire Protection District No. 1
Quitman, Louisiana
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS	
Current Assets:	
Cash and equivalents	\$ 347,731
Accounts receivable	403,386
TOTAL CURRENT ASSETS	751,117
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	1,033,395
TOTAL NON-CURRENT ASSETS	1,033,395
TOTAL ASSETS	\$ 1,784,512
 LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 19,528
Capital lease payable	65,599
Interest payable	14,118
TOTAL CURRENT LIABILITIES	99,246
Non-Current Liabilities:	
Capital lease payable	287,056
TOTAL LIABILITIES	\$ 386,301
 NET ASSETS	
Invested in capital assets (net of related debt)	\$ 746,339
Unrestricted	651,872
TOTAL NET ASSETS	\$ 1,398,211

See accompanying notes and accountant's report.

Quitman Fire Protection District No. 1
 Statement of Activities
 For the Year Ended December 31, 2011

	MAJOR FUNDS			Net (Expense) Revenue and Changes in Net Assets
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
	\$ 215,797	\$ -	\$ 10,150	\$ (205,647)
	<u>\$ 215,797</u>	<u>\$ -</u>	<u>\$ 10,150</u>	<u>\$ (205,647)</u>

Primary government:
 Governmental activities:
 General government
 Total governmental activities

GENERAL REVENUES

Taxes:	
Ad valorem	420,822
Fire insurance rebate	5,320
Interest	551
Miscellaneous	123
Total general revenues	<u>426,816</u>
Change in net assets	221,169
Net assets - December 31, 2010	<u>1,177,042</u>
Net assets - December 31, 2011	<u>\$ 1,398,211</u>

See accompanying notes and accountant's report.

FUND FINANCIAL STATEMENTS

Quitman Fire Protection District No. 1
Quitman, Louisiana
Balance Sheet - Governmental Funds
December 31, 2011

	General Fund
ASSETS	
Cash and equivalents	\$ 347,731
Receivables, net	403,386
TOTAL ASSETS	\$ 751,117
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 19,528
Capital lease payable - current	65,599
Interest payable	14,118
TOTAL LIABILITIES	99,246
Fund Balances:	
Unreserved	651,872
TOTAL FUND BALANCE	651,872
TOTAL LIABILITIES AND FUND BALANCE	\$ 751,117

Statement D

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2011

Total Fund Balances of General Fund at December 31, 2011	\$ 651,872
Total Net Assets reported for Governmental Activities in the Statement of Net Assets (Statement A) are different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the governmental fund	1,033,395
Capital Lease Payable used in Governmental Activities is not financial expenditure and, therefore, is not reported in the governmental fund	(287,056)
Net Assets of governmental activities at December 31, 2011	\$ 1,398,211

See accompanying notes and accountant's report.

Quitman Fire Protection District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2011

	General Fund
REVENUES	
Taxes:	
Ad valorem	\$ 420,822
Fire insurance rebate	5,320
Grants	10,150
Interest income	551
Miscellaneous income	123
TOTAL REVENUES	436,966
EXPENDITURES	
Insurance	16,286
Interest expense	14,118
Legal & accounting fees	4,666
Office expense & supplies	6,022
Pension expense	16,005
Repairs & maintenance	58,848
Utilities	6,707
Miscellaneous expense	125
Capital Outlay	374,836
TOTAL EXPENDITURES	497,613
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES	(60,647)
OTHER FINANCING SOURCES (USES)	
Capital lease proceeds	352,655
Capital lease payments	(142,118)
Total other financing sources (uses)	210,537
NET CHANGES IN FUND BALANCES	149,890
FUND BALANCES - December 31, 2010	501,982
FUND BALANCES - December 31, 2011	\$ 651,872

See accompanying notes and accountant's report.

Quitman Fire Protection District No. 1
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2011

Total net change in fund balances - governmental funds (Statement E)	\$ 149,890
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities (Statement B), the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlay and depreciation expense in the current period.	281,816
Capital lease principal expense, which is considered an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of capital lease payable on the Government-Wide Statements. Capital lease proceeds, which is considered an other financing source on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase of capital assets on the Government-Wide Statements.	
Capital lease principal expense	142,118
Capital lease proceeds	<u>(352,655)</u>
Change in net assets of governmental activities (Statement B)	<u>\$ 221,169</u>

See accompanying notes and accountant's report.

**NOTES TO THE
FINANCIAL STATEMENTS**

Quitman Fire Protection District No. 1
Notes to the Financial Statements
As of and For the Year Ended December 31, 2011

INTRODUCTION

The Quitman Fire Protection District No. 1 of Jackson Parish is located in the northern portion of Jackson Parish in northeast Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners consisting of five members: two members are appointed by the Jackson Parish Police Jury, two members are appointed by the mayor and board of aldermen of Quitman, Louisiana, and one member who serves as chairman, is elected by the four appointed board members. Commissioners are residents of the District and serve staggered one and two year terms. The members of the Board of Commissioners do not receive compensation.

The District was created to provide proper fire prevention and control within the District which encompasses an approximate 80 square mile area. The District has acquired land, buildings, and equipment in the effort to achieve its goals. Residents of the District serve as volunteer firemen.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for Jackson Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Jackson Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the

organization is not included because of the nature or significance of the relationship.

Because the police jury approves the organization's governing body, and the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Jackson Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated resources which may be used to finance future period programs or operations of the District. According to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance can be classified as non-spendable, restricted, committed, assigned, and unassigned. Non-spendable funds are typically noncash or prepaid items that are identified as a part of fund balance, but they are not available to be expended. Spendable items included restricted, committed, assigned, and unassigned funds. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications. The following is a description of the District's governmental fund:

Governmental Funds

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The governmental fund of the Quitman Fire Protection District No.1 is the:

General Fund - the general operating fund of the District and accounts for all financial resources. The district has no financial resources which require separate fund accounting.

D. BASIS OF ACCOUNTING

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues.

Ad Valorem taxes are assessed on a calendar year basis by the Tax Assessor of Jackson Parish. The Jackson Parish Tax Collector sends notices to property owners in either September or October. Taxes are due from property owners upon receipt of notice. Billed taxes become delinquent on December 31 of the current year. Ad Valorem taxes attach as an enforceable lien on property as of December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Ad Valorem taxes are collected by the Jackson Parish Tax Collector and remitted to the Quitman Fire Protection District No. 1. Therefore, amounts received during the current period are recognized as revenue and amounts collected during the current period and received by the District within 60 days after December 31 are recorded as receivables.

Intergovernmental revenues are recorded when the district is entitled to the funds. Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due. The District entered into a capital-lease purchase agreement in 2008 to purchase two fire trucks. The lease-agreement was for \$374,900 with yearly principal and interest payments for seven years. The balance of the lease was paid for during the year ended December 31, 2011. A new capital-lease purchase agreement was entered into during the year ended December 31, 2011. The lease was for the purchase of a fire truck pumper unit with yearly principal and interest payments of \$79,717 for five years. The first payment is due on July 1, 2012.

E. BUDGETS

The budget was prepared on a basis consistent with generally accepted accounting principles (GAAP). The budget was made available for public inspection at the time of adoption. The Board of Commissioners must meet and approve all budget changes or amendments. At year end, all appropriations lapse. Budget amounts for the year ended December 31, 2011, are as amended.

F. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

G. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District has two demand deposit accounts at December 31, 2011 which are reported as cash and cash equivalents.

Under State law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. The District has no investments at December 31, 2011.

H. CAPITAL ASSETS

Capital assets, which include land, buildings, vehicles, and equipment, are reported in the governmental column of the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. The Quitman Fire Protection District No. 1 maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

I. COMPENSATED ABSENCES

There are no accumulated and vested benefits relating to vacation and sick leave as the District has no employees.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from the governmental fund are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

K. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation as non-spendable. Restricted fund balances are legally restricted by outside parties, purposes stipulated by constitution, or through enabling legislation for use for a specific purpose. Committed fund balances include amounts that can only be used for a specific purpose determined by a formal action of the government's highest level of decision-making authority. Assigned fund balances are intended to be used by the District for a specific purpose but do not meet the criteria for restricted or committed classification. Unassigned fund balances are the residual classification for the District's General Fund and include all spendable amounts not designated as restricted, committed, or assigned.

At December 31, 2011, the District's governmental fund balance was unreserved and undesignated.

2. LEVIED TAXES

The following is a summary of authorized and levied Ad Valorem taxes.

	Authorized Millage	Levied Millage	Expiration Date
Maintenance	10.40	10.40	2015

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District has cash, cash equivalents and investments (book balances) totaling \$347,731, as follows:

Interest-bearing demand deposits	<u>\$347,731</u>
Total	<u>\$347,731</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2011, the District has \$253,542 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$250,000 of pledged securities.

4. CAPITAL ASSETS

The changes in general fixed assets follow:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental Activities:				
Deposits on other assets	\$ -	\$ 14,995	\$ -	\$ 14,995
Land and Buildings	101,421	-	-	101,421
Vehicles	795,022	352,655	-	1,147,677
Equipment	317,432	7,186	-	324,618
Totals at historical cost	<u>1,213,875</u>	<u>374,836</u>	-	<u>1,588,711</u>
Less accumulated depreciation:				
Land and Buildings	37,546	3,672	-	41,218
Vehicles	225,687	58,825	-	284,512
Equipment	199,062	30,524	-	229,585
Total accumulated depreciation	<u>462,294</u>	<u>93,020</u>	-	<u>555,315</u>
Total Net Assets	<u>\$ 751,581</u>	<u>\$ 281,816</u>	<u>\$ -</u>	<u>\$ 1,033,397</u>

5. PENSION PLANS

The District does not participate in any pension or retirement plans.

6. LITIGATION AND CLAIMS

The District has advised us that it is not involved in any litigation at December 31, 2011.

7. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets: errors and omissions: injuries to employees: and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. LONG-TERM DEBT

The District entered into a capital lease-purchase agreement with Government Capital Corporation to acquire two fire truck pumper units. The lease-purchase agreement was signed June 1, 2008, with the first payment due March 1, 2009. The two fire trucks were placed in service on October 1, 2008 and are included in fixed assets and are being depreciated over their economic useful lives. The Fire District has accelerated the payoff of the capital lease by paying additional principal in 2011, and paid off the balance of the lease on January 17, 2011. The District entered into a new capital lease-purchase agreement with Government Capital Corporation to acquire one fire truck pumper unit. The lease-purchase agreement was signed on August 4, 2011 with the first payment due July 1, 2012. The fire truck was placed in service at the time of the agreement, and it is included as a fixed asset, being depreciated over the economic useful life.

The following is a summary of the long-term obligation transactions for the year ended December 31, 2011.

	Capital Lease Obligation
Balance at January 1, 2011	\$ 76,518
Additions	398,587
Payments	<u>(76,518)</u>
Balance at December 31, 2011	<u>\$ 398,587</u>

	Capital Lease Obligation
Current Portion	\$ 79,717
Long-Term Portion	<u>318,870</u>
Total	<u>\$ 398,587</u>

<u>Year ending December 31</u>	
2012	79,717
2013	79,717
2014	79,717
2015	79,717
2016	79,717
Total Minimum Lease Payments	398,587
Less amounts representing interest	<u>(45,932)</u>
Present value of net minimum lease payments	<u>352,655</u>

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 23, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Quitman Fire Protection District No. 1
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes:				
Ad valorem	\$ 300,000	\$ 371,000	\$ 420,822	\$ 49,822
Fire insurance rebate	7,500	5,300	5,320	20
Grants	-	-	10,150	10,150
Interest income	1,000	250	551	301
Miscellaneous income	-	-	123	123
TOTAL REVENUES	<u>308,500</u>	<u>376,550</u>	<u>436,966</u>	<u>60,416</u>
EXPENDITURES				
Firefighter equipment & training	5,000	-	-	-
Insurance	20,000	16,300	16,286	14
Interest expense	-	14,118	14,118	-
Legal & accounting fees	10,000	4,700	4,666	34
Office expense & supplies	7,000	1,500	6,022	(4,522)
Parcel fee expense	9,000	-	-	-
Pension expense	-	-	16,005	(16,005)
Repairs & maintenance	300,000	198,000	58,848	139,152
Utilities	10,000	6,000	6,707	(707)
Miscellaneous expense	-	-	125	(125)
Capital Outlay	48,000	61,814	374,836	(313,022)
TOTAL EXPENDITURES	<u>409,000</u>	<u>302,432</u>	<u>497,613</u>	<u>(195,181)</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENDITURES	<u>(100,500)</u>	<u>74,118</u>	<u>(60,647)</u>	<u>(134,765)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	352,655	352,655
Capital lease payments	-	(142,118)	(142,118)	-
Total other financing sources (uses)	<u>-</u>	<u>(142,118)</u>	<u>210,537</u>	<u>352,655</u>
NET CHANGES IN FUND BALANCES	<u>(100,500)</u>	<u>(68,000)</u>	<u>149,890</u>	<u>217,890</u>
FUND BALANCES - December 31, 2010	<u>501,982</u>	<u>501,982</u>	<u>501,982</u>	<u>-</u>
FUND BALANCES - December 31, 2011	<u>\$ 401,482</u>	<u>\$ 433,982</u>	<u>\$ 651,872</u>	<u>\$ 217,890</u>

See accompanying notes and accountant's report.

SUPPLEMENTARY INFORMATION

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. John Kavanaugh, President
and Members of the Board of Commissioners
Quitman Fire Protection District No. 1
Quitman, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Quitman Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Quitman Fire Protection District No. 1's compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. Management of Quitman Fire Protection District No. 1 is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District offered one item for public bid during the review period. The District followed the public bid law in obtaining a pumper/tanker.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Quitman Fire Protection District No. 1 has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

As stated in procedure (3), the District has no employees.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. The budget was amended once in the fiscal year, and a copy of the amended budget was provided.

6. Trace the budgets adoption and amendments to the minute book.

We traced the adoption of the original budget, for the year ended December 31, 2011, to the minutes of a meeting held on October, 7, 2010, which indicated that the budget had been approved by all of the commissioners. The 2011 budget was amended and approved by all the commissioners at the monthly meeting held November 10, 2011.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budgets to actual revenues and expenditures. Actual revenues were more than budgeted revenues, but actual expenditures were more than 5% of budgeted expenses due to the lease-purchase agreement. The District did not amend the budget accordingly.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

The six selected disbursements were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

The six selected disbursements were traced to the District's meeting minutes where they were approved by the commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Quitman Fire Protection District No. 1 posts a notice of each meeting in the local newspaper, the official journal of the District, and the District posts notice of the meeting on the Front Door of the Fire Station.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

As stated in procedure (3), the District has no employees.

Prior Comments and Recommendations

Our report dated December 31, 2010, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Quitman Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs
Jonesboro, Louisiana
May 23, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Kenneth D. Folden & Co., CPAS
302 Eighth Street
Jonesboro, Louisiana 71251

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 3/19/12 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

Ted W. Sanderlin, CPA

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May 23, 2012

Mr. John Kavanaugh, President
Mr. Joe Vail, Fire Chief
Board of Directors
Quitman Fire Protection District Number 1
Post Office Box 388
Quitman, Louisiana 71268

RE: Management Letter
Review Report – For the Year Ended December 31, 2011

Dear Mr. Kavanaugh

We have performed our review of the Quitman Fire Protection District No. 1 and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

Louisiana state law requires that a budget be amended whenever actual revenues are less than budgeted revenues by more than five percent and/or actual expenditures are more than budgeted expenditures by five percent or more. For the year ended December 31, 2011, actual expenditures were more than budgeted expenditures by more than the five percent allowed and the budget was not amended accordingly.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs

Quitman Fire Protection District No. 1
P.O. Box 388
Quitman, Louisiana 71268

May 23, 2012

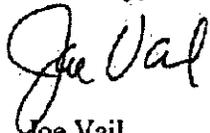
Louisiana Legislative Auditor
1600 Third Street
Baton Rouge, Louisiana 70804

The following is our response to the management letter issued to us by the firm, Kenneth D. Folden & Co., CPAs for the year ended December 31, 2011.

Management's Corrective Action Plan

We will ensure that in the future the budget will be amended whenever actual revenues or expenditures exceed the five percent variance allowed.

Sincerely,



Joe Vail
Fire Chief